GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1695
ANSWERED ON:09.03.2007
COLLAPSE OF PRIVATE BANKS
Das Gupta Shri Gurudas

Will the Minister of FINANCE be pleased to state:

(a) the number of private banks collapsed during the last five years; and

(b) the steps being taken to curb the mismanagement of private banks in the country?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) No private sector bank has collapsed during the last 5 years. However, during this period, due to poor financial position, 6 private sector banks have been amalgamated with other banks under the provisions of Section 45 of the Banking Regulation Act. 1949.

(b) Reserve Bank of India (RBI) monitors the financial position of the banks on an ongoing basis by way of onsite inspection, and scrutiny of the returns submitted by them, and takes corrective action wherever required. Further, RBI has issued guidelines on Ownership and Governance in private sector banks on 28lh February, 2005 with a view to ensure sound capital base, diversified ownership, proper management and transparency in management practices in these banks.